

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  GLOBAL CROSSING LTD. AND FRONTIER CORPORATION	DOCKET NO. WRU-99-19 (SPU-99-16)
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**ORDER DENYING REQUEST FOR WAIVER**

(Issued June 3, 1999)

On May 7, 1999, Global Crossing Ltd. (Global Crossing) and Frontier Corporation (Frontier) (together, the Applicants) filed a "Request for Waiver" pursuant to IOWA CODE § 476.77(4) (1999), asking the Board to waive the prior approval requirements of IOWA CODE § 476.77 with respect to Applicants' proposal to transfer control of Frontier's Iowa operating subsidiaries to Global Crossing. The Applicants submit that Board review of the proposed reorganization is not necessary to serve the public interest because:

[T]he proposed reorganization constitutes solely a change at the holding company level and will be entirely transparent to Frontier's Iowa customers. The proposed reorganization will not affect Frontier's Iowa operations. Global Crossing has no Iowa operations or even U.S. domestic operations to integrate with Frontier's current network, so that there will be no need to combine billing systems, operations or similar functions and absolutely no potential for any attendant business or service disruptions.

"Request for Waiver" at p. 2. Applicants submit it would be in the public interest to conserve resources by waiving the prior approval requirements.

On May 26, 1999, the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed an "Answer, Objection And Response Of The Office Of Consumer Advocate To Applicants' Request For Waiver" (Consumer Advocate). Consumer Advocate asserts that Board review of the Frontier-Global Crossing "Proposal for Reorganization" is necessary in the public interest and, accordingly, the request for waiver should be denied. Consumer Advocate states that the lack of prior material contact between Global Crossing and the State of Iowa makes Board review necessary. Consumer Advocate also relies upon its contemporaneously filed "Motion To Dismiss And To Reject Defective And Insufficient Filing" (the Motion to Dismiss) as a basis for requiring review of the proposed reorganization.

In its motion to dismiss, Consumer Advocate notes that the Applicants filed their proposal on May 7, 1999, based upon the facts and circumstances at that time. However, on May 17, 1999, Global Crossing announced another merger, with U S WEST Communications, Inc. (U S West). As a result, Consumer Advocate alleges many of the material allegations in the May 7, 1999, proposal have substantially changed. For example, the Applicants' assertion that neither company currently competes in the market sectors served by the other and neither is a likely entrant into the other's geographic market appears no longer to be valid in light of the announced merger with U S West. Clearly, U S West and Frontier are at least potential

competitors in the Iowa local exchange market and they are currently competitors in the market for Iowa intraLATA toll calls.

Consumer Advocate notes a number of other examples of allegations in the May 7, 1999, proposal that appear to be invalidated by the announcement of the Global Crossing-U S West merger. The Board will not review each of these examples at this time. It is sufficient to say that, whatever the merits of the request for waiver may have been prior to announcement of the Global Crossing-U S West merger, many of the factual assertions made by Applicants in support of that request are now called into serious question, such that a waiver is no longer appropriate (if it ever was). The Board will deny the request for waiver.

**IT IS THEREFORE ORDERED:**

The "Request For Waiver" filed on May 7, 1999, by Global Crossing Ltd. and Frontier Corporation is denied.

**UTILITIES BOARD**

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Raymond K. Vawter, Jr.  
Executive Secretary

Dated at Des Moines, Iowa, this 3<sup>rd</sup> day of June, 1999.